

OGC HAS

Approved For Release 2001/09/11 : CIA-RDP80-01437R000500050009-7

REVIEWED

9 MAR 1960

MEMORANDUM FOR: Comptroller

SUBJECT : Application of Proceeds of Sales of  
Personal Property Toward the Purchase  
of Replacements

REFERENCES : (a) [REDACTED], same subject, dated 26 July 1955  
(b) Comptroller Instructions Nos. 15 and 16, same subject, dated 29 August 1955

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1. This memorandum suggests action by the Comptroller as stated in paragraph 6 below.

2. Some many months ago this Staff drafted a memorandum for your signature addressed to the Director of Logistics on this subject in which there was outlined a proposal to simplify procedures and relieve the administrative burden in identifying specific items involved in replacement transactions. A copy of this proposed memorandum is attached identified as Tab A.

3. Pursuant to your request this memorandum was referred to the Office of General Counsel for legal opinion as to whether our proposal complied with the intent of section 8 of Public Law 600, and as supported by Comptroller General decisions on this subject.

4. Recently the attorney, who handles Logistic matters and to whom this was referred, gave us references to a number of Comptroller General decisions dealing with this subject, a few of which seem to be applicable to our proposal. Attached, identified as Tab B, is a schedule of these decisions together with excerpts from two of them. The attorney believes that in view of the Comptroller General decisions it would be necessary that we submit our proposal to the Comptroller General for a specific ruling before adoption, as he under present circumstances would have to issue an opinion that our proposal would not meet the requirements of the law as previously interpreted by the Comptroller General. The foregoing information was obtained verbally from Counsel who indicated that he was going to confirm his findings and opinion in writing. We are not waiting for the written legal opinion as it is deemed urgent that action be taken to relieve the administrative workload.

REC	8	REV DATE	06/05/81	BY	01899.5
GRID COMP		OPI	38	TYPE	01
BRIG CLASS	5	PAGES	12	REV CLASS	4
AUTH: HR 10-2					

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5. We quite agree with Counsel on his expressed view that the Comptroller General decisions do not support the method proposed in Tab A, but on further consideration of the problem question the worthwhileness of our pursuing it by transmitting the proposal to the Comptroller General for a specific decision. We understand that the Agency budget includes estimates to cover the application of proceeds of sales toward replacements only with respect to motor vehicles as it is not possible to make a realistic estimate on other items; therefore, all proceeds of sales of personal property other than motor vehicles should be treated as miscellaneous receipts. Attached is a schedule, identified as Tab C, which reflects by month proceeds of sales of personal property collected in the fiscal years 1958 and 1959. Other than for some unusual sales in 1959, the proceeds covering items other than vehicles aggregate on an average about one-fifth of total sales.

6. In view of the facts that (a) it is not feasible to budget on a net basis for personal property items other than motor vehicles, (b) the average amounts involved with respect to property other than motor vehicles are relatively small and (c) the administrative workload required in positive identification of specific sales with replacements is exceedingly burdensome, it is recommended that Agency policy and procedures be revised to provide only for the application of the proceeds of sales of motor vehicles toward replacements and that all other proceeds be immediately deposited with the U. S. Treasury as "Miscellaneous Receipts."

7. If you approve of the foregoing recommendation, action will be taken to revise the referenced Agency Regulation and Comptroller Instructions accordingly.



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Chief, Technical Accounting Staff

Attachments:

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**CONCURRENCE:**

\* *In Accompanying Memorandum*  
**Chief, Budget Division**

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*[Redacted]* 4/25/60  
**Chief, Finance Division**

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*[Redacted]* 4/26/60  
**Chief, Fiscal Division**

**APPROVED:**

**Comptroller**

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